

February 2003

#### The H&CD Participants:

#### **H&CD** Commission

Jim Righeimer, Chair
Scott Larson, Vice-Chair
Margie Rice, 1st District
James Wahner, 2nd District
Wanda Leyes, 4th District
Bruce Sonnenberg, 5th District
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### <u>Participating Cities in the Urban County and the Section 8 Rental Assistance</u> <u>Programs</u>

Urban County Program: City of Aliso Viejo, City of Brea, City of Cypress, City of Dana Point, City of Laguna Beach, City of Laguna Hills, City of Laguna Woods, City of La Palma, City of Los Alamitos, City of Placentia, City of Rancho Santa Margarita, City of San Clemente, City of Seal Beach, City of Stanton, City of Villa Park, City of Yorba Linda

Section 8 Rental Assistance Program: all cities listed above including - City of Buena Park, City of Costa Mesa, City of Fountain Valley, City of Fullerton, City of Huntington Beach, City of Irvine, City of La Habra, City of Laguna Niguel, City of Lake Forest, City of Mission Viejo, City of Newport Beach, City of Orange, City of San Juan Capistrano, City of Tustin, City of Westminster

#### **TABLE OF CONTENTS**

| TABLE OF CONTENTS                                 |
|---|
| EXECUTIVE SUMMARY2                                |
| MISSION & GOALS5                                  |
| VISION5   |
| MISSION5  |
| GOALS5  |
| CLIENT PROFILE6                                   |
| SERVICE ENVIRONMENT                               |
| 2003 OPERATIONAL PLAN 8                           |
| OVERVIEW  |
| GOAL #1:8   |
| GOAL #2:  |
| GOAL #3:  |
| APPENDICES  |
| APPENDIX A – CURRENT ORGANIZATIONAL CHART         |
| APPENDIX B – YEAR 2002 ACCOMPLISHMENTS            |
| APPENDIX C – CLIENT AND SERVICE RECIPIENT PROFILE |
| APPENDIX D – FUNDING SOURCES                      |
| APPENDIX E – STATEMENT OF VALUES                  |
| GLOSSARY  |
|   |

COUNTY OF ORANGE

#### **EXECUTIVE SUMMARY**

O02 has been a year of budgetary and programmatic challenges for the Housing & Community Development
Department (H&CD), which includes the Orange County Housing Authority (OCHA). Despite these challenges, H&CD has made significant inroads over the last year towards making the vision of "a quality living environment for all Orange County" a reality.

With continuing managerial support, and enhanced community partnerships, H&CD has spent the year 2002 refining and redefining programs to meet expanding budgetary demands. Where financially feasible, H&CD expanded existing programs and cut back programs that were no longer needed. This dedication to fiscal responsibility as well as to achieving our vision has enhanced our ability to fulfill our mission.

Mission: "to work in partnership with Orange County's diverse communities to preserve and expand affordable housing opportunities, strengthen economic viability and enhance the livability of neighborhoods."

H&CD is a department within the County of Orange, governed by the five County Board of Supervisors, advised by an eleven member H&CD Commission, and primarily funded with federal funds received from the Department of Housing and Urban Development (HUD). Two of H&CD's goals for 2003 will remain the same as in 2002 while one goal has been redefined to include the addition of the County's Homeless Prevention

Programs to the Department in March 2002. In 2003, H&CD will continue to pursue its goals with continued emphasis on employee morale, training, and communication. As always, our main priority continues to be the provision of services and implementation of projects as approved by the Board for the communities we serve.

Our 2002 goals, a snapshot of our 2002 achievements, and the new 2003 goals are as follows (see page 20 for a complete synopsis of our 2002 Accomplishments) –

#### **GOAL #1**

Increase and preserve affordable housing opportunities, especially for those most in need

- In 2002, H&CD received Board approval to finance an additional 697 affordable housing units totaling \$7.85 million.
   This County commitment was leveraged with over \$89 million in public and private funds for the construction of affordable housing in Orange County.
- Modification to the 2002 Notice of Funding Availability (NOFA) to include a policy objective requiring affordable housing projects to include units at 30% average median income (AMI) or lower (to reach those most in need).
- Affordable homeownership programs include the continuation of the HIRE program, which has resulted in 9 loans to individuals/families working in Orange County. Additionally the Department launched the Cal-HOME/Mortgage Assistance Program (MAP), which provides silent seconds to low-income first-time homebuyers. This program was revised from previous years to include homes in all unincorporated areas.

- COUNTY OF ORANGE
- AB661 was signed into law in 2002.
   This County-sponsored legislation allows County Redevelopment housing funds to be invested in affordable housing projects anywhere in the County if specific conditions are met.
- OCHA assisted over 23,000 Orange County residents (9,107 households) with monthly rent payments through the Section 8 Rental Assistance Program, disbursing over \$75 million in annual rental subsidies to more than 3,800 participating property owners. In addition, OCHA successfully competed for additional rental assistance funding that will expand the program by 5% and serve more than 9,500 households by December 2002.

## GOAL #2 Enhance the livability of the County's target neighborhoods

- H&CD completed 33 housing rehabilitations in target neighborhoods during a year of restructuring its housing rehabilitation program. During the year, the Board of Supervisors approved modifications to the Neighborhood Preservation Program to increase its appeal to residents in the unincorporated islands as well as increase options for implementing Program improvements.
- H&CD staff completed two of three planned educational manuals to assist residents' understanding of the rehabilitation options open to them and for clients to maintain the improvements to their homes.
- Three community-wide newsletters were mailed out highlighting programs offered by H&CD as well as

- services provided at the three community Centers owned by the County. In addition to 14 community meetings, the newsletters helped contribute to the betterment of the community through better informed and empowered residents.
- Additional 2002 infrastructure improvements include: three community center improvement projects; re-roofing a six unit transitional shelter; the installation of 35 streetlights; and, improvements to two rental units.

#### GOAL #3 (2002)

Strengthen economic viability of target communities

#### **NEW GOAL #3 (2003)**

Increase and preserve shelter, permanent supportive housing, and supportive services for at-risk and homeless residents of Orange County

- During FY 01/02, 15 at-risk families were referred from the Social Services Agency (SSA), successfully leased in housing units, and reunited with their children. The Family Unification Program, a cooperative effort between SSA and H&CD has assisted a cumulative total of 234 households and reunited 516 children with their parents since the program started in 1997.
- At year-end FY 01/02, the Family Self-Sufficiency Program (FSS) had 440 active participants with 295 participants maintaining a record \$1,141,017 in escrow balances. Nine families graduated from the program during FY 01/02.
- H&CD coordinated the development of regional plans for the countywide Homeless Management Information System (HMIS) and the 2-1-1 Information and Referral Calling System.

#### COUNTY OF ORANGE

- H&CD continued to make significant progress in preserving and expanding Orange County's Continuum of Care System for the homeless. In 2002, H&CD actively worked with several key public and private agencies to secure nearly \$17 million in at-risk and homeless assistance funding. These funds will be used to:
  - Preserve the operation of 20 existing homeless shelters
  - Construct and operate 6 new homeless shelters
  - Provide educational services for over 2,000 homeless children
  - Provide a variety of supportive services including life skills training, child care, transportation, health care and mental health care and other services thereby

- adding approximately 10,000 supportive service slots to Orange County's System of Care
- Provide permanent-supportive housing to approximately 201 special needs homeless individuals and/or families



<u>Casa Theresa II in Orange</u>
Upon construction completion, this project will provide 36 transitional beds for homeless women and children.

To continue making substantial achievements towards our goals in serving the community, H&CD recognizes the value of its human resources and the need to adequately train and motivate staff. To that end, H&CD remains committed to recognition and staff development. This includes participating in the County's New Employee Recognition Program; Enlightened Leadership; continued commitment to the Performance Incentive Plan and the Management Performance Plan.

With support from the County Board of Supervisors and the H&CD Commission members, H&CD will continue to work within our department as well as with other County departments and the community to achieve our goals. As in prior years, the Board of Supervisors continues to identify the need for affordable housing as one of its top Strategic Priorities and, beginning in Fiscal Year (FY) 2002/2003, has budgeted \$8.8 million – the first installment on a \$34.8 million allocation over 4 years. These funds have been placed on hold by the CEO until the 2003 Strategic Financial Plan is completed.

Many of H&CD's strategies are multi-year strategies and the impacts will not be felt until future years. However, within this plan, the milestones established and our achievements to date demonstrate a significant start to achieving H&CD's vision and mission as seen by both our employees and the communities we serve.



#### MISSION & GOALS

#### VISION

"A quality living environment for all Orange County."

#### **MISSION**

"To work in partnership with Orange County's diverse communities to preserve and expand affordable housing opportunities, strengthen economic viability and enhance the livability of neighborhoods."



Staff working with clients in the field, 2002

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&CD staff and management continue to review and refine the H&CD Vision and Mission statements as well as the H&CD Statement of Values. The Statement of Values is included in this Business Plan as Appendix E, page 35.

#### **GOALS**

Through refining and redefining the H&CD's 2003 goals from 2002, H&CD is adjusting to meet changing priorities and programmatic focus while continuing to improve service levels to H&CD clients throughout the County. The Strategic Goals are as follows:

#### Goal #1

Increase and preserve affordable housing opportunities, especially for those most in need.

#### Goal #2

Enhance the livability of the County's target neighborhoods.

#### Goal #3

Increase and preserve shelter, permanent supportive housing, and supportive services for at-risk and homeless residents of Orange County.

These goals were established to address the problems facing Orange County in the housing market and with the homeless population over the next 10-15 years. Annual strategies and measurement tools necessary to accomplish these goals are set forth in the "2003 Operational Plan" section of this document.

#### **CLIENT PROFILE**

H&CD's clients include individual constituents receiving services, organizations participating in H&CD sponsored programs, and organizations for whom H&CD administers programs. Although the ongoing housing shortage and affordability crisis in Orange County affects everyone in the County, H&CD assists those most negatively impacted. Detail on H&CD's client base can be found in Appendix C, page 28.

#### **Housing Market Conditions**

It is believed that if there is to be sustained economic growth in Orange County, the lack of affordable work force housing must be addressed. During the past 3 years, housing costs in Orange County have been escalating at double-digit rates. Job growth combined with a lack of adequate building activity has resulted in a significant imbalance between the demand for and supply of housing. According to the Meyers Group, in September 2002, Orange County had only one day's supply of new homes available for sale. At the same time. rental vacancy rates have decreased to about 4%. This pent-up demand is expected to continue to affect housing costs. Personal incomes, however, have not kept up with these sharp increases. For example, disposable personal incomes rose by 10% from July 2000 to July 2002 while housing prices for single-family homes went up 37%. Even accounting for lower mortgage rates, the cost of a home has sharply escalated for first-time homebuyers. According to the California Association of Realtors, only 23% of Orange County households can afford the median-priced home.

#### SERVICE ENVIRONMENT

H&CD is a partner in the development and operation of various housing and community development projects and programs in many areas of Orange County. H&CD is also a leader in many cooperative partnerships that focus on homeless issues. To better address the challenging needs of the homeless community, H&CD integrated the County's Homeless Prevention Programs during 2002 (see Appendix A, page 19, for more details on H&CD's Organizational Structure).

The areas in which various H&CD programs operate are determined primarily by the funding source of the program and the regulations that govern expenditures of those funds.

#### **Service Areas**

The Urban County partnership is made up of H&CD, participating cities, non-profit agencies that receive County-managed funds (sub recipients), and other County agencies. It is primarily funded through the Federal Community Development Block Grant process, which is more fully explained in Appendix D, page 30. The Urban County Program will serve 14 unincorporated target areas, 15 small cities, and one Metropolitan Contract City during the first six months of 2003. July 1, 2003, the Urban County Program will lose 2 cities, Aliso Viejo and San Clemente.

H&CD expects to develop a strategy in the coming year to contract with new Metro Cities. Funds are used for a wide variety of housing and neighborhood improvement projects. These include public facilities and improvements, public services such as community center and shelter operations, housing rehabilitation, new affordable housing and shelter construction, and homeless prevention projects.

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H&CD also operationally administers redevelopment projects in the Orange County Development Agency's Neighborhood Development & Preservation Project (NDAPP) area, which contains 14 separate sub-areas, many of which overlap the unincorporated target areas discussed above. Redevelopment activities are intended to remove blight, preserve and increase affordable housing, and develop or improve public infrastructure. With the exception of funds which are "set-aside" for affordable housing development, most new redevelopment funding has been diverted for either County bankruptcy recovery payments or debt service. With the recent passage of AB661, the County can now spend its housing set-aside funds anywhere in the County if the affordable housing project meets specific criteria.

The Orange County Housing Authority, which is the Housing Assistance Division of H&CD, serves 31 of the County's 34 cities by providing federal Section 8 rental assistance to low-income seniors, working families, and other qualifying persons. In addition, OCHA has agreements with the Anaheim, Garden Grove, and Santa Ana Housing Authorities to provide countywide services to eligible clients who move from one jurisdiction to another. OCHA also provides housing related assistance for special need populations such as the mentally ill, disabled, and homeless. HUD provides rental assistance funds administered by the Housing Authority.

#### **Regulatory Environment**

H&CD has extensive facilitation and monitoring responsibilities under the legal requirements associated with each program funded through HUD.

The County is also responsible for ensuring compliance with HUD regulations by the subrecipients of Community Development Block Grant (CDBG), Home Investment Partnerships (HOME) Program, Emergency Shelter Grants (ESG) and Supportive Housing Program (SHP) (homeless assistance) funds. Separate requirements must also be met for redevelopment-funded projects. These responsibilities include: making specific findings relative to the project benefit; insuring that environmental analysis and noticing be done; monitoring housing affordability; identify and update impediments to Fair Housing Choice: and conduct other tasks and reporting activities on an on-going basis. In addition, OCHA is governed by extensive federal and state regulations that require an Annual Administrative Plan that describes how the Rental Assistance Program will be implemented and administered.

#### **Funding Sources**

H&CD receives a variety of federal funding from HUD including Community Development (e.g. CDBG, HOME, ESG), Section 8 Rental Assistance, and the Homeless Assistance Program funds.

H&CD also receives local funding from the Orange County Development Agency and OCHA Operating Reserves. A more detailed explanation and five-year analysis of funding can be found in Appendix D, page 30.



#### 2003 OPERATIONAL PLAN

#### **OVERVIEW**

he Housing and Community Development Department is a partner in the development and operation of various housing and community development projects and programs in many areas of Orange County.

#### **GOAL #1:**

Increase and preserve affordable housing opportunities, especially for those most in need

#### ~ SUMMARY OF THE ISSUE ~

This goal and its challenges can be characterized by examining three issues –

- Lack of Affordable Housing
- Projected Decreases to Federal and State Funding Levels
- Changes in the Section 8 Rental Assistance Program

#### Lack of Affordable Housing

Over the past decade and continuing into the new millennium, the County is experiencing a severe shortage of affordable housing. By the year 2005, the Regional Housing Needs Assessment (RHNA) for the unincorporated areas of Orange County call for 22,407 additional housing units, about 7,034 of which should be affordable to very-low and low-income households. Of the 7,034 units, 2,950 units are needed for low-income households and 4,084 for very low-income households. The 2,950 units needed for low-income households (80% of the Area Median Income (AMI)) are expected to be provided by the private market.

However, the 4,084 units needed for very low-income households (at or below 50% AMI) will require additional

funding in order to reach deeper affordability levels. 50% rents result in a "loss" to a project thereby creating a "gap" in the project financing and a need for public subsidies. Traditionally, 75-80% of the total development costs for affordable housing projects are funded through tax credits, HUD Homeless Assistance grants, tax-exempt bonds, conventional financing, and/or equity. Local funding, fundraising, charitable grants, or other means of financing must cover the unfunded "gap" of 20-25%.

During the 2002 Strategic Financial Planning process, the Board of Supervisors continued to designate Affordable Housing as one of its top priorities. The Board programmed \$34.8 million in general funds over 4 years beginning in FY 2002-2003 for the creation of affordable housing. Over the past year, H&CD leveraged an \$7.85 million contribution to an estimated \$89 million in public and private financing for the development of affordable housing in Orange County. With this type of leveraging, the general funds, combined with other H&CD sources of funding, should be sufficient to substantially meet the "gap" for 4,000 very low-income housing units.

#### Federal & State Funding Levels

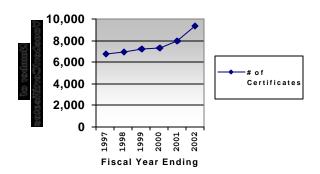
Due to the war on Terrorism and State budget shortfalls, it is relatively certain that we will be facing tough financial times in 2003 and beyond. Any reductions made to the Federal budget will be passed down to the local governments jurisdictions that implement the Federal programs. However, the recent approval of the State Housing Bond should help mitigate some of this impact.

In future years, H&CD will continue to be subjected to rigid draw down requirements. H&CD is required by HUD to have no more than 1.5 times the annual allocation of CDBG funds unclaimed by April 30<sup>th</sup> of each year. In addition, HOME funds must be committed within 24 months and expended within 5 years. The multi-year nature of affordable housing creation makes these deadlines difficult to meet and can result in a reduction to H&CD's grant amount.

#### <u>Changes in the Section 8 Rental</u> <u>Assistance Program</u>

During the past 3 years OCHA was successful in receiving sufficient rental assistance funding to expand its program by 25%. Although H&CD has been very successful thus far in acquiring over 2,000 housing vouchers in the past 3 years, H&CD must continue to be creative in finding ways to meet the growing needs of its Section 8 clientele. Applications to HUD are performance driven and therefore. H&CD must maintain a high lease-up rate and Section 8 Management Assessment Program (SEMAP) score to compete for new funds. SEMAP is a performance measurement tool used by HUD.

#### **Housing Vouchers Growth**



A new challenge in the Section 8 Rental Assistance Program is facing H&CD in 2003. Congress is currently reviewing a proposal, which will change the way in which renewal vouchers are funded and Section 8 Administrative Fees are calculated. If this proposal is adopted, H&CD could be forced to reduce the number of households assisted by up to 1,200 and lose substantial administrative funding for FY 03/04. If this occurs, H&CD will reevaluate staffing levels at that time.

#### ~ CLIENTS ~

The Clients benefiting from the result of this goal include individuals as well as organizations.

The largest group of beneficiaries is very low-income individuals and families who receive Section 8 Rental Assistance and the community organizations that provide affordable housing and supportive services.

These same client groups also benefit from the funds allocated to nonprofit and for profit developers and cities to provide below market rate financing for affordable rental housing and home ownership.

For a more detailed outline of H&CD's Clientele see Appendix C, page 28.

COUNTY OF ORANGE

#### ~ RESOURCES ~

The resources allocated in FY 02/03 to achieve this goal are as follows:

| • | \$5.0 million  | CDBG funds    |
|---|----------------|---------------|
| • | \$5.0 million  | HOME funds    |
| • | \$14.5 million | NDAPP funds   |
| • | \$5.0 million  | Single Family |
|   |                | Housing funds |
| • | \$3.0 million  | Operating     |
|   |                | Reserves      |
| • | \$8.8 million  | General Fund  |

These amounts include unspent funding from prior years. Also, a majority of these funds are already committed to projects. For a more detailed explanation of H&CD funding sources see Appendix D, page 30.

#### ~ CHALLENGES ~

The development and preservation of affordable housing in Orange County is challenged by not only funding issues but also by market conditions. The following summarizes some of the larger challenges facing H&CD over the next several years:

- On-going escalating rents throughout the County continue to dramatically shrink the supply of affordable units making it harder for low-income families to find housing. This also prompts OCHA's approximately 3,800 participating landlords to seek rent increases.
- The lack of available appropriately zoned land for the development of new affordable housing.
- Increased market demands will cause existing affordable housing units to convert to market rate.

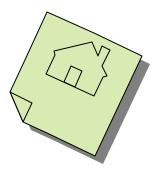
 Lack of understanding of and resistance to affordable housing development, creating a greater barrier to development.

#### ~ STRATEGIES ~

In order to increase and preserve affordable housing opportunities, especially for those most in need, H&CD will implement the following strategies:

- Monitor construction progress and fund loans as applicable for the development of the almost 1,500 affordable housing units approved by the Board of Supervisors since July 2000.
- Approve loan commitments for the development of affordable housing units resulting from the September 2002 Notice of Funding Availability (NOFA) process.
- Process the applications submitted through the September 2002 NOFA worth \$5 million.
- Issue a NOFA in 2003 for the development of affordable housing units.
- Continue to maximize available funds by leveraging at the local, state and federal levels.
- Monitor existing restricted affordable housing units to ensure compliance with low and very-low income criteria.
- Increase rental assistance resources by applying for additional funds and vouchers from HUD.
- Continue to facilitate the HIRE program to promote the "work in Orange County, live in Orange County" homeownership program.

- Pursue funding made available with the passage of Proposition 46, the State Housing Bond.
- Identify one new source of financing to allocate toward the development of affordable housing and one new source of assistance to enhance the Section 8 Rental Assistance Programs.
- Evaluate project expenditures on a bi-annual basis and reallocate unspent funds and/or expired contract dollars when necessary to ensure timely investment of funding so that projects aren't delayed and HUD does not recapture funds.
- Complete regular and expeditious entry of project set-up, fund transfer, reallocation of funding, performance and accomplishment data into the HUD Integrated Disbursement Information System (IDIS) database to allow for up-todate draw down and availability of federal funding.
- Implement strategies to provide rental assistance benefits to an optimum number of clients and maintain a 99-100% lease-up rate.
- Aggressively pursue landlord outreach activities to increase the number of participating property owners and diversity of rental units for low-income renters.



### ~ OUTCOME MEASURES & REPORTING ~

#### Performance Measurement

The percentage decrease in the number of affordable housing opportunities "needed" is identified by the Regional Housing Needs Assessment (RHNA) for very low-income households. H&CD defines opportunities as including newly created affordable housing units, preservation of existing affordable housing, and additional housing vouchers awarded to OCHA.

#### What is it?

Affordable housing opportunities include creating new and preserving existing affordable housing units and increasing the number of rental assistance vouchers available.

#### Why is it important?

Increasing and preserving affordable housing opportunities will help to bridge the "gap" in the Orange County housing market.

#### 2001 Results

H&CD committed over \$9.14 million for the development of 683 affordable housing units. These units resulted in a 16% regional decrease in the RHNA number of units required. In addition, HUD awarded H&CD 820 additional Section 8 Rental Assistance Housing Vouchers for up to \$5.5 million annually in monthly rental assistance payments.

#### FY 02-03 Anticipated Results

In FY 02-03, HUD awarded H&CD another 452 Section 8 Rental Assistance Housing Vouchers for over \$3.4 million annually. H&CD has leased up all vouchers and has achieved a 100% lease up in FY 02/03.

H&CD anticipates that Year 2000 Housing Development funded projects will be completed during FY 02/03. In addition, H&CD expects "ground-breaking" on projects approved in 2001/2002.

In July, 2002, H&CD initiated a Program to monitor the existing stock of restricted affordable rental units that have been funded in part with funds originating from H&CD. It is anticipated that between 10% and 15% of the total 1,255 restricted affordable units currently in existence will be monitored to verify household incomes and inspected to ensure that the living environment meets Federal Housing Quality Standards (HQS).

#### FY 03-04 Plan

In late FY 02/03 and continuing into FY 03/04, H&CD is budgeted to receive the first and second installments of the \$34.8 million commitment from the Board of Supervisors. H&CD will issue a 2003 NOFA worth \$13 million for the

development of affordable rental housing units to utilize those funds as well as existing sources of funding. H&CD will also be submitting an application to HUD for additional Section 8 Rental Assistance vouchers, if available.

#### How are we doing?

Since 2000, H&CD increased the number of households leased with vouchers by over 2,500 and ground has been broken on the housing developments that include over 1,500 affordable units. H&CD expects to produce over \$205 million of affordable housing construction with a County investment of \$22.2 million (see Appendix B, page 20 for more details on 2002 Accomplishments).



Linbrook Senior Apartments Groundbreaking, 2002

#### **GOAL #2:**

#### **Enhance the livability of the County's target neighborhoods**

#### ~ SUMMARY OF THE ISSUE ~

This goal is being addressed through H&CD's participation in the County's Community Revitalization Program to conduct rehabilitation activities through the Neighborhood Preservation Program and as administrator of federal community development funds that assist participating cities in their neighborhood revitalization efforts.

The County of Orange has several large unincorporated areas, commonly referred to as "Islands". According to the County's Inventory of Unincorporated Areas, County Islands are small pockets of land wholly or partially surrounded by a city. Historically, as Orange County cities incorporated, these pockets were not included in the new cities boundaries and they continue to be under the jurisdiction of the County of Orange. These County Islands are commonly found in the central and northern portions of the County and range in size from less than ten acres to over 400 acres with approximately nineteen hundred housing units. In addition to being County Islands, some are included in County Redevelopment Areas as well as considered Target Areas for federal funding purposes by H&CD. A broad range of needs have been identified including housing rehabilitation; infrastructure improvements; community-based code enforcement; maintenance and expansion of community centers and services; public parks and open space.

#### ~ CLIENTS ~

The Clients benefiting from the results of this goal are residents of the County's target unincorporated areas and city neighborhood revitalization areas, which include low and moderate-income residents.

For a more detailed outline of H&CD's Clientele see Appendix C, page 28.

#### ~ RESOURCES ~

The resources allocated in FY 02/03 to the achievement of this goal are as follows:

\$4 million CDBG funds
\$3 million HOME funds
\$2.8 million NDAPP funds

These amounts include unspent funds from prior years. For a more detailed explanation of H&CD funding sources see Appendix D, page 30.

#### ~ CHALLENGES ~

Improving the livability of the County's neighborhoods presents specific challenges to H&CD:

- Deterioration of existing substandard housing stock and infrastructure.
- Encouraging community participation.
- Need to coordinate with other County and public agencies to identify opportunities to leverage resources and ensure compatibility of goals and efforts.

 Increased costs of development and rehabilitation due to recent legislation (i.e. prevailing wages and lead paint abatement).

#### ~ STRATEGIES ~

H&CD plans on meeting this goal with the following strategies within the Community Revitalization Program:

- Halt the further deterioration of the County's "Island" neighborhoods by providing low interest loans and grants through the Neighborhood Preservation Program.
- Develop strategies to review, monitor, and implement changes in the Neighborhood Preservation Program and other customer service oriented programs that will increase service levels and operating efficiency.
- Develop education programs for target areas that increase information exchange and increase representation at community meetings and events.
- Maintain a resident/business friendly web page designed to facilitate public access and mail out periodic newsletters to residents/ businesses and non-profits that focus on the department's activities.

### ~ OUTCOME MEASURES & REPORTING ~

#### Performance Measurement

Level of individual and community satisfaction with their neighborhood improvement resulting from the rehabilitation efforts of the County. Results will be measured through exit interviews with individual rehabilitation

clients and a general survey of residents within the defined project area six months after receiving a public works improvement.

#### What is it?

The effect of rehabilitation efforts on a neighborhood in terms of community satisfaction.

#### Why is it important?

Enhancement of individual homes and neighborhoods contributes to higher levels of community satisfaction and can result in additional work by private citizens to make their neighborhoods more livable. Enhancement also preserves the life cycle of our older affordable housing stock and assists the County's annexation efforts.

#### FY 01-02 Results

H&CD completed 26 mobile homes and 1 single-family home rehabilitations; 3 improvements to community centers which include American Disability Act (ADA) requirements, lights, etc.; 2 parking lot repavements; 1 six-unit transitional housing facility reroof; installation of 35 street lights including underground wire installation; and 2 rental unit rehabilitations. These projects contributed to the enhancement of Orange County target neighborhoods and are in support of the County's community revitalization efforts.



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#### FY 02-03 Anticipated Results

H&CD will continually conduct exit interviews and customer service surveys of completed rehabilitation projects as well as survey residents within project areas to determine satisfaction from completed public work proiects.

During FY 02-03, H&CD anticipates completing the rehabilitation of 65 mobile homes, 40 single family homes, 2 small multifamily units, 6 transitional housing units, and 2 rental units; installation of 2 traffic lights; improvements at

1 community center and 2 community parks; 1 storm drain project; 2 sidewalk projects; and 1 alley way reconstruction.



#### FY 03-04 Plan

H&CD will enhance the County's "Island" neighborhoods by providing low interest loans and grants, through the Neighborhood Preservation Program to repair approximately 50 mobile homes, 45 single family homes for seniors and working families countywide and by

completing construction of 7 public works projects worth over \$1.1 million in capital improvements.

#### How are we doing?

The County of Orange is doing great as it continues to revitalize the unincorporated communities with the goal of eventual annexation of all County Islands. Over the past two years, H&CD has rebuilt the credibility of the rehabilitation program and regained the trust of the community, the cities, and the Board of Supervisors.

H&CD has also been instrumental through its 1) extensive community contacts and 2) federal funding assistance for public infrastructure improvements and housing rehabilitation programs. In addition, H&CD continually revises its rehabilitation programs to best meet the needs and goals of the Community Revitalization Program in an effort to make coordinated and comprehensive improvements to the unincorporated areas.

For specific accomplishment details see Appendix B, page 20.

#### CITY OF CYPRESS

During 2002, the City of Cypress completed a \$30,000 project using funds awarded through the County of Orange ARC process. This project added 36 access ramps for the disabled on sidewalks along Larwin Avenue and Denni Street, in the Tanglewood condominium area.

"We are so happy. There are a lot of people who have needed this for a long time," said one resident.

#### **GOAL #3:**

Increase and preserve shelter and supportive services for at-risk and homeless residents of Orange County

Mother and her five children live in a

cheap motel in Anaheim, California,

because housing is too expensive

#### ~ SUMMARY OF THE ISSUE ~

According to the 2002 Community Indicators Report, Orange County is the second largest county in California, and the sixth largest county in the nation. As of the 2000 Census, the population in the County was 2,846,289.

Unfortunately, the 2002 Continuum of Care (CofC) Homeless Needs Assessment indicates that of the population there are over 23,000 homeless in Orange County.

#### ~ CLIENTS ~

The Clients benefiting from the result of this goal are approximately 16,000 homeless persons in families with children and the remaining 7,000 homeless individuals. Most of the clients are transitionally homeless as opposed to chronically homeless. A majority of the

homeless are among the working poor. The working poor are homeless because they can not afford housing in Orange County. Other clients that will benefit from the achievement of this goal are homeless because of substance abuse, mental illness, dual or multi diagnoses, domestic violence, disability, job

loss, and/or loss of financial support due to spousal desertion or death.

For a more detailed outline of H&CD's Clientele see Appendix C, page 28.

#### ~ RESOURCES ~

The resources allocated in FY 02/03 to the achievement of this goal are as follows:

| • | \$9.72 million  | Continuum of Care     |
|---|-----------------|-----------------------|
|   |                 | funds *               |
| • | \$40,000        | HUD Tech              |
|   |                 | Assistance funds      |
| • | \$172,000       | Emergency             |
|   |                 | Shelter Grant funding |
| • | \$6.018 million | Various funds**       |

\*These funds are awarded directly to the Subrecipient based upon an Associated Application submitted by H&CD for homeless service providers.

\*\* H&CD's Homeless Prevention Programs coordinated the distribution of over \$6 million in Proposition 10, United Way, FEMA, State EHAP, and other resources

> that provide funding to the Orange County CofC System.

For a more detailed explanation of H&CD funding sources see Appendix D, page 30.

#### ~ CHALLENGES ~

The challenges facing
H&CD in achieving this
goal are not only at the

local level but also at the State level:

 State Emergency Housing Assistance Operating funds decreased from \$738,039 to 189,066 for the entire region of Orange County during the past year.

COUNTY OF ORANGE

- Increasing number of unemployed families and individuals due to the down turn in the economy. Due to high housing costs, many of these individuals will move into the at-risk of being homeless and/or homeless categories.
- Increasing number of lower paying, service-sector jobs. As a result, thousands of working poor individuals and families will work in jobs that will not allow them to access or sustain permanent housing.
- Potential under-funded mandate to implement and operate the HUD required Countywide Homeless Information Management System (HMIS).

#### ~ STRATEGIES ~

In order to increase and preserve shelter, permanent supportive housing, and supportive services for at-risk and homeless residents of Orange County, H&CD will implement the following strategies:

- Identify and secure additional sources of funding for Orange County's Continuum of Care System. This strategy will have a continued emphasis on public/private partnerships.
- As the lead agency in coordinating and processing the Federal SuperNOFA Continuum of Care Homeless Assistance Program Grant Application, H&CD has re-designed it's SuperNOFA Application Process. Key elements of the new process are:
  - Conduct separate yet parallel processes for Contract Renewal Application and new Project Applications.

- Re-design of the Request for Proposals and Funding Application to eliminate duplication and provide a more user friendly application format.
- Identify additional resources for the County's Cold Weather Armory Emergency Shelter program.
- In response to HUD's new requirement for Continuum of Care applications, work with HCA and other stakeholders to design and implement a 10-year plan to end chronic homelessness in Orange County.
- Work with various public/private partnerships to conduct a yearlong planning process to develop a strategic plan for motel families in Anaheim. Once completed, the plan will be replicated in other cities in Orange County.
- Work with CSA's Office on Aging to develop a plan to better assist the growing number of homeless seniors in Orange County.
- Continue to develop the annual Continuum of Care Homeless Assistance Grant application and work with grant recipients to ensure timely implementation of their programs.
- Work in partnership with school districts to develop policies and programs to comply with the new McKinney Act provisions for the education of homeless children. This includes the provision of staff support to assist school districts with writing grants, conducting workshops, and other activities.
- Secure funding to implement the Countywide Homeless Management Information System (HMIS).

 Secure funding to implement the Countywide 2-1-1 Information and Referral Calling System.

### ~ OUTCOME MEASURES & REPORTING ~

In order to measure the impact of H&CD's efforts on this goal, H&CD has established the following outcome measure:

#### Performance Measurement

Preservation of existing and percentage increase of shelter and supportive service opportunities for at-risk and homeless residents of Orange County.

#### What is it?

Shelter opportunities include the preservation of existing or the creation of new emergency and transitional shelter beds. Supportive service opportunities include the preservation of existing or the creation of additional services that move the homeless out of crisis and into self-sufficiency. Examples include life skills training, childcare, transportation, health care, mental health services, educational services, etc.

#### Why is it important?

A majority of public and private funding sources only provide seed money for new and expanded programs and projects. These funding policies make it extremely difficult to preserve the County's limited number of shelter beds and supportive service slots. Furthermore, increasing shelter, permanent supportive housing and supportive service opportunities will help to eliminate "gaps" in Orange County's Continuum of Care System for the Homeless.

#### FY 01-02 Results

This is a new goal and performance measure for H&CD. FY 01/02 results

are located in Appendix D, Accomplishments, under 2002 Goal #3, page 20.

#### FY 02-03 Anticipated Results

In December 2002, H&CD was awarded \$9.7 million from the 2002 Homeless Assistance grant competition. This is the largest award every received by the County of Orange. In addition, through H&CD's work with various public and private partnerships approximately \$17 million has been allocated from a variety of public and private sources for 02-03. When combined, these resources will provide: \$9 million to increase the number of shelters and supportive service opportunities for at-risk and homeless residents of Orange County and \$8 million to preserve existing shelter beds and supportive services throughout Orange County.

#### FY 03-04 Plan

H&CD will continue to play a lead role in in the Orange County's CofC System for the Homeless. This plan will enhance existing partnerships and develop new partnerships designed to eliminate "gaps" in Orange County's System of Care.

#### How are we doing?

As H&CD continues to make unprecedented progress in the development and implementation of programs and strategies that enhance the CofC System. H&CD's homeless prevention partnerships have been recognized as models by HUD, the State Children & Families Commission, as

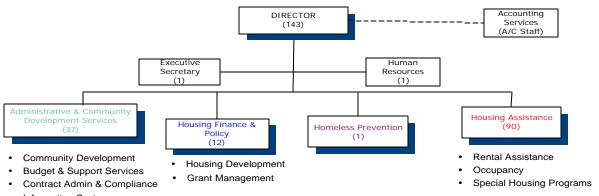
well as other public and private agencies across the nation.

For specific accomplishment details see Appendix B, page 20.



#### **APPENDICES**

#### Appendix A - Current Organizational Chart



Information Systems

**Director** - Plans, organizes, administers and directs all functions related to the development and implementation of policies, programs and projects developed under legal authority granted to the Orange County Housing Authority, Community Development Block Grant and other similar Federal, State and Orange County Development Agency funded programs. Includes Human Resources which is responsible for establishing an appropriate framework within the department so it can competitively attract and retain the best qualified employees while meeting appropriate federal and state laws and regulations and provides assistance in employee relations to ensure personnel standards and quality assurance.

Homeless Prevention - In March 2002, this program was shifted from the CEO to H&CD. As a result, H&CD now centrally coordinates the preservation and expansion of the County's Continuum of Care System for the Homeless. Major components of focus include: 1) Homeless Prevention; 2) Outreach and Assessment; 3) Emergency Shelter; 4) Transitional Housing; 5) Supportive Services; and 6) Permanent Supportive Housing.

Administrative & Community Development Services – This Division oversees departmental community relations activities as well as revitalization activities such as public works, infrastructure improvements, and housing rehabilitation. This Division also administers subrecipient contracts funded through the CDBG, HOME, ESG, and NDAPP. Additionally, this Division is responsible for environmental services, purchasing, facilities management, budget, payroll, petty cash, computer services, and general support services. It is also responsible for overall H&CD program compliance. This Division performs audit, compliance, and legal notification procedures required by HUD for the department.

Housing Finance & Policy - This Division oversees new housing development in the creation of multi-family rental, transitional, and homeownership projects for lower income households. As funding shrinks, this Division is charged with developing ways to leverage available funding sources. This new division also is responsible for legislative analysis and grants management. Grants Management includes the Application Review and Homeless Assistance Program application processes which are competitive processes by which funding is allocated to projects.

**Housing Assistance** - The Housing Assistance Division performs the operations of the Housing Authority. The Housing Authority is responsible for the disbursement of approximately \$75 million in housing subsidies annually, which is not reflected in the County's budget figures. In addition, the Housing Assistance Division operates special programs such as Family Self-Sufficiency, Family Unification, and the special needs homeless individuals or families under the HUD Continuum of Care Program. The Housing Assistance programs have grown over 25% the past three years primarily resulting from the award of additional housing vouchers from HUD for the Section 8 Rental Assistance Program.

#### Appendix B – Year 2002 Accomplishments

### GOAL #1 – Increase and preserve affordable housing opportunities, especially for those most in need

#### 2002 Executive Performance Measure

The percentage decrease in the number of affordable housing opportunities "needed" as identified by the Regional Housing Needs Assessment (RHNA) for very low-income households.

H&CD defines opportunities as including newly created affordable housing units, preservation of existing affordable housing, and additional housing vouchers awarded to OCHA.

#### **NEWLY FUNDED AFFORDABLE HOUSING UNITS**

#### Multi-Family Rental Housing NOFA:

Multi-Family affordable housing development projects approved by the County Board of Supervisors:

| Year | Funds Committed | Units Approved |
|------|-----------------|----------------|
| 2000 | \$ 643,092      | 15             |
| 2001 | \$9,144,115     | 683            |
| 2002 | \$7,850,698     | 697            |

In January 2002, H&CD issued a \$13 million NOFA for affordable housing development: \$10 million was offered for rehabilitation or new construction and an additional \$3 million was offered for land acquisition in the Urban County Participating Cities and the unincorporated Target Areas.

Below is a synopsis of the accomplishments and awards made by H&CD in FY 01-02.

#### Funds Committed in 2001

#### Jackson Aisle Apartments - Midway City

Jackson Aisle Apartments is a demolition/new construction project that will provide 29 efficiencies and 1 one-bedroom apartment affordable to special needs clientele whose income does not exceed 50% of the Area Median Income (AMI).



#### Linbrook Senior Apartments - Anaheim

Linbrook Senior Apartments is a new construction project that will provide 81 one and two bedroom apartments affordable to seniors whose income does not exceed 50% AMI. The County has committed \$800,768 of HOME Program Funds to this project. Construction is underway.



#### Mendocino at Talega, Phase I - San Clemente

Mendocino at Talega, formerly Talega Jamboree Apartments, will provide a total of 186 two and three bedroom units to be built in two phases. Phase I will contain 124 units affordable to families whose income is between 40% and 60% of the AMI. A total of \$100,000 in HOME-CHDO Program Funds and



\$2,953,438 in Orange County Development Agency (OCDA) funds was awarded.

#### Mendocino at Talega Phase II

Will provide a total of 62 two and three bedroom apartments affordable to families whose income is between 40% and 60% of the Area Median Income. A total of \$728,176 in OCDA Funds was awarded to the project in 2000. The project's bond financing closed in July 2002 and construction began in August 2002.

#### Heritage Place Senior Apartments - San Clemente

This development will provide a total of 53 affordable one and two bedroom senior housing units, of which 22 will be affordable to seniors whose income is no greater than 40% of the AMI, 27 units at 50% of the AMI, and 4 at 60% of the AMI. The County has committed \$541,903 in HOME Program Funds to this project. Construction is underway.



#### Solara Court Senior Apts. - Anaheim

This development project will provide 114 one and two bedroom apartments affordable to seniors, of which 37 units will be affordable to seniors whose income does not exceed 35% of the AMI, 52 cannot exceed 50% of the AMI, and 25 cannot exceed 60% of the AMI. The County has committed \$802,485 in HOME funds.



#### California Villas Apartments - Anaheim

California Villas Senior Apartments will provide 34 units of affordable one and two bedroom apartments to seniors whose income is at or below 50% of the area median income. The County has committed \$300,537 in HOME Program funds to this project. Construction is underway.



#### Vintage Shores Senior Apts. - San Clemente

Vintage Shore Apartments will provide 122 units, of which 24 units will be affordable to seniors whose income does not exceed 50% of the AMI and 98 units will be affordable at 60% of the AMI. This development received \$472,570 in HOME funds.



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#### Laurel Glen Apartments—Ladera Ranch

Laurel Glen Apartments, formerly Ladera Ranch Phase II, will provide a total of 220 one, two, and three bedroom units. Forty-four (44) of the units will be affordable to families and individuals whose income does not exceed 50% of the AMI. The County has committed \$1,700,000 in OCDA Funds to this project. Construction is underway.



#### Funds Committed in 2002

#### **Escalones Nuevos Apts.— San Clemente**

Escalones Nuevos Apartments will provide 6 two, three, and four bedroom units for families whose income is at or below 40% of the AMI. The project is an acquisition rehabilitation of an existing structure in a blighted neighborhood. The County has committed \$304,500 in CDBG funds to the project.



Acquisition has been completed and rehabilitation began in the fall of 2002.

#### **Westminster Senior Apartments**

The Westminster Senior Apartment development will provide 76 one and two bedroom units affordable to seniors whose income is between 30% and 60% of the AMI. The County has committed \$1,338,541 in Orange County General Fund 15U funds to this project. Construction has started.



#### Laguna Canyon Apartments - Irvine

Laguna Canyon Apartments will provide 120 one, two and three bedroom units for families whose income is between 30% and 60% of the AMI. The County has committed \$2,583,400 in Orange County Housing Authority Operating Reserve funds to the project. Construction will start in January 2003.



#### Glenneyre Apartments – Laguna Beach

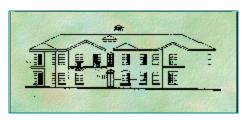
Glenneyre Apartments will provide 27 Single Room Occupancy (SRO) units for individuals whose income does not exceed 50% of the AMI. The County has set aside \$609,301 in OCDA funds for this project, which is located in the City of Laguna Beach.



 $\mathbf{R} \mathbf{A}$ 

#### Ability First Apartments - Irvine

The Ability First Apartment development will provide 24 units of affordable one and two bedroom apartments for persons with special needs. Primary financing for the project will be from HUD Section 811 funds. Through the HUD Section 811 program, clients will pay 30% of their adjusted income toward rent.



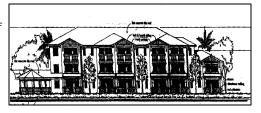
#### **Dorado Senior Apartments – Buena Park**

Dorado Senior Apartments will provide 150 units of affordable one and two bedroom apartments to seniors whose income is at or below 60% of the AMI. The County's participation in this project requires that 114 of the 150 units will be restricted to seniors with incomes at or below 50% of the AMI.



#### Tyrol Plaza Senior Apartments - Anaheim

Tyrol Plaza Senior Apartments will provide 60 units of affordable one and two bedroom apartments for homeless seniors. Of these, 12 units will be reserved for homeless seniors who are also disabled. All of the units will be restricted for households earning at or below 60% of the AMI.



#### Casa Alegre - Anaheim

Casa Alegre will provide 22 large efficiency units designated for disabled and one 2-bedroom manager's unit. The target population for these units will be people diagnosed with HIV/AIDS. All of the units will be restricted for households earning at or below 35% of the AMI.



#### Fountain Valley Senior Apartments

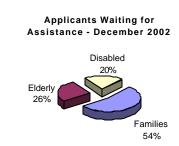
This development will provide 155 one and two-bedroom apartments affordable to seniors whose income is between 30% and 60% of the AMI. The County has committed \$770,792 in County of Orange Strategic Priority Affordable Housing Funds. Construction is expected to be completed by September 2003.



#### **ADDITIONAL HOUSING VOUCHERS AWARDED TO OCHA**

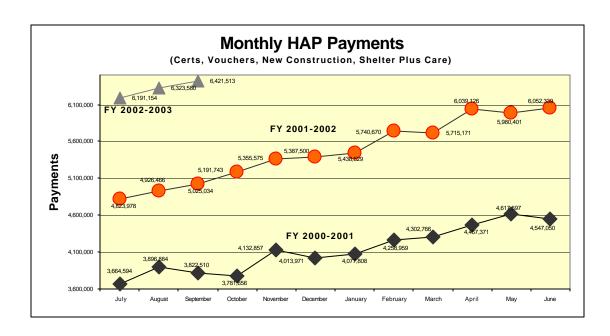
During fiscal year 2001-2002, OCHA received Annual Contributions Contracts (ACC) with HUD to assist an additional 934 households under the tenant-based Section 8 Voucher Program. A total of 9,107 households were receiving assistance as of June 30, 2002. In August 2002, OCHA received an ACC for an additional allocation of 452 Housing Vouchers which were promptly issued and fully utilized within three months. This will allow OCHA to assist more than 9,500 households during 2003.

OCHA's tenant-based programs assist a variety of clients that include disabled or elderly persons and families. Similarly, OCHA's waiting list reflects the diversity of over 17,000 applicants who applied to receive a Housing Voucher (see Applicants Waiting for Assistance chart). The waiting list has been closed since July 2001. Since that time more than 5,500 applicants were invited for interviews and eligibility processing and OCHA accelerated its issuance of Vouchers to more than 1900 in 9 months in 2002. Additional demographic data about the applicants is



available in OCHA's Annual Plan. The existing waiting list, which was opened during June 2001, is expected to be exhausted in 2004.

Over the past four years the amount of Housing Assistance Payments (HAP) going into the community has increased significantly as demonstrated in the following chart. This not only demonstrates the success H&CD has had in acquiring more housing assistance Vouchers but also the success of H&CD staff in issuing the Vouchers to eligible clients and assisting them in locating available housing units in a competitive rental market with escalating rents.



#### GOAL #2 - Enhance the livability of the County's target neighborhoods

#### 2002 Executive Performance Measure

The level of community satisfaction with their neighborhood improvement resulting from the rehabilitation efforts of the County.

#### PRESERVATION OF EXISTING AFFORDABLE HOUSING UNITS

The preservation of existing affordable housing stock within the Urban County Program is accomplished primarily through housing rehabilitation activities. The Urban County's Housing Preservation Program provides financial assistance to qualified property owners for the rehabilitation of residential properties. Greater emphasis was given to homeowners versus renters.

In fiscal year 2001/2002 a combined total of \$1,408,730 in federal funds and local redevelopment funds were allocated for single and multi-family rehabilitation activities.

#### Rehabilitation Funding Source and Accomplishments

From July 1, 2001 through June 30, 2002, the following units were rehabilitated:

| Funding<br>Source    | Amount<br>Allocated<br>FY 2001-02 | Amount<br>Expended* | Units<br>Competed |
|----------------------|-----------------------------------|---------------------|-------------------|
| CDBG                 | \$533,600                         | \$1,105,250         | 170               |
| HOME                 | \$197,410                         | \$183,661           | 19                |
| CDBG Program Income  | \$351,777                         | \$129,754           | 9                 |
| HOME Program Income  | \$25,943                          | \$100,951           | 5                 |
| County Redevelopment | \$300,000                         | \$8,924             | 1                 |
| Total                | \$1,408,730                       | \$1,528,540         | 204               |

<sup>\*</sup>Expenditures include Prior Year Funds

From July 1, 2000 through June 30, 2001, the following units were rehabilitated:

| Funding Source       | Amount Expended | Units Completed |  |
|----------------------|-----------------|-----------------|--|
| CDBG                 | \$759,878       | 132             |  |
| HOME                 | \$1,508,652     | 78              |  |
| CDBG Program Income  | \$313,224       | 13              |  |
| County Redevelopment | \$75,290        | 13              |  |
| Total                | \$2,657,044     | 236             |  |

From July 1, 1999 through June 30, 2000, the following units were rehabilitated:

| Funding Source       | Amount Expended | Units Completed |
|----------------------|-----------------|-----------------|
| CDBG                 | \$476,100       | 75              |
| HOME                 | \$225,000       | 15              |
| CDBG Program Income  | \$812,000       | 33              |
| County Redevelopment | \$138,941       | 6               |
| Total                | \$1,652,041     | 129             |

#### GOAL #3 - Strengthen economic viability of communities

#### 2002 Executive Performance Measure #1

The percentage of people and families on the Family Self-Sufficiency (FSS) Program who become self-sufficient.

#### **SELF-SUFFICIENCY**

During 2002, H&CD's efforts to promote self-sufficiency included:

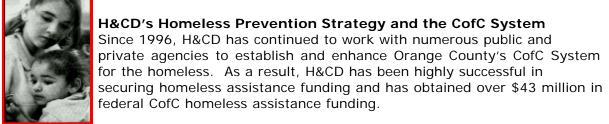
- Maintaining 440 active participants in the FSS program as of September 2002.
- Enrolling 26 new clients into the FSS program
- Managing 20% of the new FSS participants which represented families receiving assistance under the CalWORKs program
- As of September 30, 2002, there were 295 active escrow accounts for participants, with accumulated escrow credits totaling \$1,141,017
- Graduating nine participants who became self-sufficient during FY 01-02

#### 2002 Executive Performance Measure #2

The percentage increase in the number of homeless individuals and families receiving shelter and supportive services.

#### **HOMELESS ASSISTANCE**

It is the goal of Orange County's Continuum of Care (CofC) system to address homelessness in the region by creating long-term solutions that reduce chronic homelessness and provide an adequate supply of affordable housing for very low-income households. Homeless needs and priorities continue to be identified through H&CD's Continuum of Care Strategy for the Homeless.



In June of 2002, the Board of Supervisors approved H&CD's \$9,944,533 application to HUD for SuperNOFA CofC funding. H&CD was awarded \$9.7 million, the largest award ever received by the County of Orange.

During 2002, H&CD accomplished the following:

- Received \$8.77 million in funds through the 2001 Homeless CofC Application Process. This resulted in funding for 59 new permanent housing units for 110 individuals and preserved 208 transitional beds and 3,111 supportive service opportunities for 1,266 families and 558 single individuals.
- Expanded and posted the Homeless Prevention Website on the County's home page.

- Committed \$3.9 million of the \$10 million Prop 10 funding for the HomeAid Partnership Initiative with the Children & Families Commission. This will result in the development of 278 shelter beds for families with children.
- Launched a year-round Countywide public education/outreach campaign designed to dispel myths associated with homelessness.
- Facilitated the Countywide planning process for the 2-1-1 Information and Referral system in partnership with CSA, Infolink, and the Community Development Council.
- Worked with the Los Angeles Homeless Services Authority and the cities of Long Beach, Glendale, Santa Monica, Pomona, and Pasadena to develop a joint-county HMIS planning process to provide a seamless HMIS between Orange and Los Angeles Counties.

#### **Cold Weather Armory Emergency Shelter Program**



The County of Orange sponsors the Cold Weather Armory Emergency Shelter Program. Since 1987, two local State National Guard Armories (e.g. Fullerton and Santa Ana) have been opened during winter months providing a total of 250 shelter beds per night. The Shelter Program was funded with Orange County Housing Authority (OCHA) Operating Reserve funds (\$170,000), State Emergency Housing Assistance Program (EHAP) funds (\$196,000) and Emergency Food and Shelter Program funds (\$174,000). The 2001-2002 Cold Weather Armory Program began on

December 1, 2001 and ended on March 31, 2002. A non-profit service provider administered this program in collaboration with numerous private and public agencies.

The Armories were unavailable during 20 scattered nights during the program term. Alternate locations were provided by Good Samaritan Church, First United Methodist Church, Servite High School and Orangethorpe United Methodist Church.

During FY 2001-2002 the Cold Weather Shelters provided 33,904 shelter bed nights to 1,264 unduplicated homeless individuals and families. This is an increase of 10,336 bed nights from FY 2000-2001. In addition to shelter, other services such as meals, showers, hygiene items, and clothing were offered as well as on-site services such as mental health counseling, legal services, medical evaluation/referrals, and case management.

Community Development Block Grant and Emergency Shelter Grant Programs
During fiscal year 2001-2002, the Urban County Program allocated approximately
\$787,300 from CDBG and ESG funds to address the needs of homeless individuals and
families. Activities include, but are not limited to rehabilitation, improvements to
facilities, operational costs for emergency shelter and transitional housing and programs
designed to prevent homelessness to low-income individuals and families with children
(excludes Section 8 Rental Assistance).

During the same period, approximately \$483,750 was allocated toward addressing the needs of persons who are not homeless but require special supportive housing (e.g. elderly, frail elderly, persons with mental, physical and developmental disabilities, and persons with alcohol or other drug addictions).

#### Appendix C - Client and Service Recipient Profile

he ongoing housing shortage and affordability crisis in Orange County affects everyone in the County. The Housing Market Condition of the County identified on page 6 directly impacts the composition of H&CD clients, both individual constituents and organizations.

#### **Individual Constituents Receiving Services**

- Very-low, low and moderate-income residents needing help to pay market rate rents:
- Very-low, low and moderate-income residents who need financial assistance to repair and improve their homes;
- Residents of the County's unincorporated areas and Neighborhood Development and Preservation Project (NDAPP) target areas, which include lower income residents who receive services. The unincorporated areas receiving CDBG funding are defined using HUD criteria as guidelines. Most of the areas contained substandard public infrastructure and minimal community facilities. NDAPP areas are contiguous with many CDBG areas;
- Homeless individuals and families receiving supportive services and shelter facilities;
- Welfare recipients who need help with rent in order to augment job training, child care, senior services, transportation, etc. are assisted through H&CD's Family Self-Sufficiency Program;
- Prospective homebuyers at low and moderate-income levels needing assistance and referral services on homebuyer assistance programs;



FSS Holiday Party, 2002

- Owners of rental housing who participate in OCHA's Section 8 Program; and,
- Veterans, disabled, displaced or homeless constituents, or other special category constituents seeking referrals to housing assistance programs and services.

#### **Organizations Participating in H&CD Sponsored Programs**

- Nonprofit and for profit developers and cities who need supplemental financial
  assistance or wish participation by H&CD in order to provide below market rate
  housing opportunities such as permanent affordable housing and home ownership
  opportunities;
- Nonprofit community corporations who provide affordable housing, homeless assistance, and employment related support services;

- Nonprofit community based organizations providing community services and infrastructure;
- Cities and nonprofit organizations that provide community and economic development programs for the benefit of lower income citizens;
- County agencies and local Housing Authorities that help streamline services to H&CD clients; and,
- Lenders participating in the County's homebuyer programs.



#### Organizations for Whom Programs are Administered by H&CD

- Participating cities that are OCHA members or CDBG program participants or that participate in the County's Homeless Assistance (Continuum of Care) program efforts;
- CEO/Public Finance Program which uses H&CD compliance monitoring services on select bond financed apartment developments and certain jurisdictions of the Mortgage Credit Certificate Program; and,
- CEO/Strategic Affairs, which uses H&CD staff for NDAPP program administration.



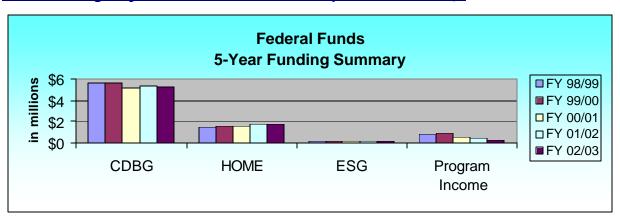
In general, the demand for the funding and services provided through H&CD far exceeds the supply. There is constant pressure to develop programs that will enable existing funds and services to serve a broad client base. Major increases in the potential client populations are not expected. No major changes in the relevant demographics of the above clients are anticipated during 2003.



#### Appendix D – Funding Sources

Housing & Community Development (H&CD) receives funding for the administration and disbursement of Federal Housing and Urban Development (HUD) funds for these programs: 1) Community Development (e.g. CDBG, HOME, ESG), 2) the Section 8 Rental Assistance, and 3) the HUD Continuum of Care (CofC). H&CD also receives local funding from the Orange County Development Agency and the H&CD Operating Reserves for the administration and disbursement of local redevelopment dollars and the excess Section 8 administration fees, respectively.

### <u>Federal Community Development Block Grant Funds (CDBG) (augmented by HOME, Emergency Shelter Grant and other specialized funds):</u>



| Fed'l Funds | FY98/99     | FY 99/00    | FY 00/01    | FY 01/02    | FY 02/03    |
|-------------|-------------|-------------|-------------|-------------|-------------|
| CDBG        | \$5,601,000 | \$5,635,000 | \$5,165,000 | \$5,389,000 | \$5,241,000 |
| HOME        | \$1,495,000 | \$1,603,000 | \$1,605,000 | \$1,776,000 | \$1,765,000 |
| ESG         | \$ 184,000  | \$ 171,000  | \$ 171,000  | \$ 171,000  | \$ 172,000  |
| Prog. Inc.  | \$ 800,000  | \$ 915,300  | \$ 599,700  | \$ 446,020  | \$ 313,000  |

Federal funding sources include Community Development Block Grant (CDBG), HOME Partnership Investment, Emergency Shelter Grants (ESG), and Program Income (repayments of loans originally made with CDBG and HOME funds). Each funding source has specific use limitations.

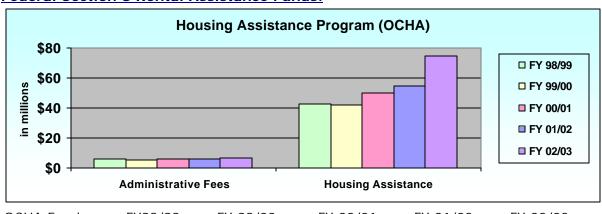
Under the Federal Housing and Community Development Act of 1974, the County of Orange receives annual entitlement funding based on a formula related to population, poverty, and substandard housing. CDBG funds are allocated and administered by HUD and can be used for a wide variety of housing and neighborhood improvement and infrastructure projects. A limited amount of these funds can be allocated for public service operations by nonprofit entities, requiring the majority of funding to be spent on "bricks and mortar".

The Home Investment Partnership Act (HOME) program is designed to strengthen public-private partnerships to provide affordable housing by funding acquisition, rehabilitation, new construction, rental assistance, and other forms of financial assistance. HOME funds must be matched by nonfederal sources.

The Emergency Shelter Grant (ESG) program provides grants for projects that assist homeless people, such as the rehabilitation or conversion of buildings to provide emergency shelters, payment of certain operating costs of such shelters and homeless prevention activities. A non-federal matching fund source is required.

CDBG, HOME, ESG, and Program Income funds are available to the County after submission and approval of the Annual Action Plan. The Plan is approved by the County Board of Supervisors and submitted to HUD in the spring of each year. The H&CD funding process works toward this deadline which if missed could jeopardize funding.

#### Federal Section 8 Rental Assistance Funds:



 OCHA Funds
 FY98/99
 FY 99/00
 FY 00/01
 FY 01/02
 FY 02/03

 Admin Fees
 \$ 5,677,000
 \$ 5,229,012
 \$ 5,700,000
 \$6,250,000
 \$6,700,000

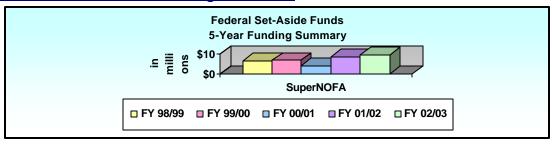
 Hsg Assist.
 \$42,451,104
 \$42,309,819
 \$50,000,000
 \$55,000,000
 \$75,000,000

Chartered by the State of California, the Orange County Housing Authority is a separate legal entity established in 1971 as an independent agency. In 1986, OCHA was brought into the County organization. OCHA serves the County's unincorporated areas and 31 participating cities. The cities of Anaheim, Garden Grove, and Santa Ana have their own housing authorities and operate similar programs.

OCHA provides monthly rent subsidies for more than 9,300 qualified low-income families, seniors, and disabled individuals with a total allocation that will exceed 9,500 rental assistance Vouchers by July 2003. These households receive the benefit of more than \$75 million in annual rent subsidy payments. This \$75 million is not included in County budget figures. These funds are handled through a bank account outside the County Treasury. Checks are issued through Auditor/Controller staff. A complete set of accounting books is maintained for the rent subsidy payments through the H&CD Section 8 Rental Assistance (SERA) computer system. OCHA also receives administrative fees to offset the costs of administering the program. The amount earned is a fixed amount per unit leased-up; therefore, the administrative fees earned are largely dependent upon the amount of clients served.

In 2002, H&CD was awarded an additional 452-rental assistance Housing Vouchers by HUD for a revised allocation of over 9,555 vouchers. When all the units are leased, this will result in an additional \$300,000 in administrative fees and over \$2.5 million additional rent subsidies annually.

#### **HUD Continuum of Care Program Funds**

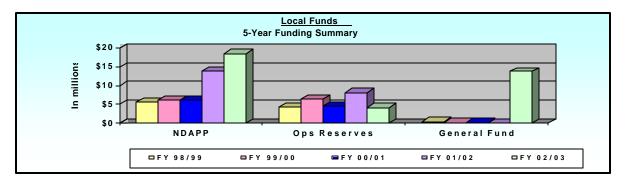


<u>Fed'l Funds</u> <u>FY 98/99</u> <u>FY 99/00</u> <u>FY 00/01</u> <u>FY 01/02</u> <u>FY 02/03</u> SHP \$6,480,899 \$6,804,648 \$4,106,711 \$8,770,000 \$9,729,254

Unlike the other sources of Federal funding, Homeless Assistance funds are special set-aside funds awarded by HUD on a competitive basis for the purposes of establishing programs to assist the homeless and, wherever possible, provide opportunities to transition to permanent housing. H&CD works with the County's Continuum of Care Leadership Cabinet, various County Agencies including the SSA, HCA, CSA, OCSD and Probation, as well as non-profit agencies and cities to participate annually in the competition for Homeless Assistance funds. Programs funded by CofC Homeless Assistance grants can provide outreach and assessment, transitional housing, a wide variety of supportive services, and permanent supportive housing assistance for special needs homeless. In addition, funds can be utilized to assist people to overcome problems causing homelessness, such as mental illness, domestic violence, and drug addiction.

Grants are awarded to local governments and non-profit groups based on a number of factors that measure the effectiveness of plans to help homeless people become self-sufficient. All grants are for a three to ten year period. In June of 2002, H&CD submitted a \$9,944,533 Continuum of Care Associated Application for a total of 17 projects and in December 2002, H&CD was awarded \$9,729,254 of that amount. This is the largest award ever received by H&CD and the Continuum of Care System.

#### **Local Funds**



Local Funds FY98/99 FY 99/00 FY 00/01 FY 01/02 FY 02/03 NDAPP \$5,682,489 \$6,000,000 \$6,165,000 \$14,084,000 \$18,100,000 \$ 8,200,000 \$ 4,100,000 Ops Rvs \$4,405,645 \$6,442,472 \$4,564,917 General Fund \$ 500,000 50,000 0 \$13,700,000 50,000



#### Orange County Development Agency (OCDA) Tax Increment Revenues

OCDA is a separate legal entity governed by the County Board of Supervisors and subject to Community Redevelopment Law (Health and Safety Code Section 33000 et seq.). NDAPP area was established in 1988 as one of two redevelopment project areas under the Agency. NDAPP was established as a funding source that would complement CDBG funds and/or replace CDBG funds if funding levels declined. NDAPP projects are designed to remove blight, preserve or increase affordable housing, and promote economic development within the unincorporated target areas. Twenty percent of all redevelopment revenues must be "set-aside" and used for affordable housing. Except for the 20% affordable housing set-aside funds, nearly all of the annual NDAPP tax increment revenues are committed to pay bond debt service and County bankruptcy recovery payments.

The NDAPP amounts shown in the chart on the previous page reflect the approved allocation for the respective year.

#### **Operating Reserve Funds**

HUD allows Housing Authorities to keep surplus administrative funding received for operating the Section 8 Program. A portion of such funds is kept to support rental assistance programs and H&CD allocates the balance to fund housing-related projects. These Operating Reserve Fund expenditures are subject to HUD limitations and must be used for "housing-related activities". H&CD adopted a policy approved by the H&CD Commission to loan a majority of these funds to affordable housing developers of new housing projects in return for long-term affordability commitments. The Board of Supervisors also grants limited amounts of Operating Reserve funds to nonprofit organizations that provide housing-related support services.

#### **General Fund Contributions**

Prior to FY 1998/99, County General Fund dollars were not used to support H&CD programs. For the first time in FY 1998/99, the Board of Supervisors approved the one-time use of \$500,000 of General Fund dollars to fund specific programs/services not funded through the Application Review Committee (ARC) process. The General Fund contribution was limited to \$50,000 in each of the subsequent two fiscal years for specialized Public Service purposes such as neighborhood clean-up and community center operations.

Beginning in FY 02/03 the CEO committed \$5 million in refunded housing bonds, which must be used for "housing", and \$8.8 million per year for four years specifically for the creation of affordable housing.



#### Appendix E – Statement of Values

#### **OUR CLIENTS**

The most important element of our business is the people we serve internally and externally.

#### **OUR ROLE**

We are committed to providing excellent service to everyone we serve in a responsive and caring way.

#### **WORKING TOGETHER TO SERVE**

We believe that only through working together can we make the difference between a good organization and an excellent one. We believe that the success of our Department depends on mutual trust, honesty, and teamwork and that our foundation is built on certain expectations and values that we share.

#### COMMUNICATION:

Fostering open communication with one another and the people we serve.

#### **COURTESY:**

Clients and fellow employees are treated with the respect, dignity and fairness to which all human beings are entitled.

#### **INTEGRITY:**

We are guided by a high standard of morals and ethical principles in all that we do.

#### INNOVATION:

Encourage the introduction of new ideas to meet the present and future needs of clients in a creative and progressive manner.

#### PROFESSIONALISM:

Always striving to be the best in the field through commitment, excellence and leadership.

#### FLEXIBILITY:

We appreciate diversity of opinions resulting from a supportive and participating Department. We strive to be versatile in a dynamic organization.

#### RESPONSIVENESS:

Responding with sensitivity to the needs of the people we serve and to our fellow employees within the framework of mutual respect and responsibility.

#### PRIDE:

Pride in our work, dedication to the outcome of our shared efforts and successes.

#### **OUR BELIEFS:**

In the spirit of cooperation and teamwork by all divisions.

Through a commitment to teamwork, understanding, and dedication to these values and principles of action, we will enhance the accomplishments of our mission.

#### **GLOSSARY**

- **Annual Contributions Contracts (ACC):** A contract with HUD that provides rental subsidy vouchers to families and individuals who meet eligibility criteria.
- **Application Review Committee (ARC):** ARC is the multi-year Notice of Funding Availability process by which cities, non-profits, and County Departments submit applications for funding. The ARC is the review committee for these applications but the term ARC is usually used to describe the entire funding process.
- **Area Median Income (AMI):** AMI is the area median income level within a specific area. It is used to define low (80% of AMI) and very-low (50% of AMI) income households. The 2001 AMI for a family of 4 in Orange County is \$73,700.
- **Community Development Block Grant (CDBG):** CDBG funds are allocated and administered by HUD and can be used for a wide variety of housing and neighborhood improvement and
- infrastructure projects. A limited amount of these funds can be allocated for public service operations by nonprofit entities, requiring the majority of funding to be spent on "bricks and mortar".
- **Community Services Agency (CSA):** A County Department whose mission is to respond to and advocate for Orange County communities and residents who have educational and other special needs or who are at risk.
- **County Executive Office (CEO):** A County office whose mission is to support and implement Board of Supervisors' policies and to ensure effective service delivery through efficient management of the County's workforce and resources.
- **Emergency Shelter Grants (ESG):** ESG funds provide grants for projects which assist homeless people, such as the rehabilitation or conversion of buildings to provide emergency shelters, payment of certain operating costs of such shelters, and homeless prevention activities. A non-federal matching fund source is required.
- **Fiscal Year (FY):** A Fiscal Year is the reporting period for fiscal activity. The County's fiscal year runs from July 01 through June 30 of the following year. The Federal Government's fiscal year runs from October 01 through September 30 of the following year.
- **Home Investment Partnerships (HOME):** The HOME program is designed to strengthen public-private partnerships to provide affordable housing by funding acquisition, rehabilitation, new construction, rental assistance and other forms of financial assistance; HOME funds must be matched by nonfederal sources.
- **Homeownership for the** Recruitment/Retention of Employees (HIRE): A collaborative effort between H&CD, the California Housing Loan Insurance Fund, Century Housing and the Orange County Affordable Homeownership Alliance. The program is aimed at homebuyers wishing to both live and work in Orange County.
- Housing & Community Development (H&CD): A County Department containing three Divisions: Housing Assistance Division, Administrative and Community Development Division, and Housing Finance and Policy Division.
- **Integrated Disbursement Information System (IDIS):** The HUD system used to draw down funds, track expenditures, and report project progress.
- **Notice of Funding Availability (NOFA):** The method used to solicit applications when funds become available for a specific purpose (e.g. housing development).
- **Orange County Housing Authority (OCHA):** OCHA was founded in 1972 and is the Housing Assistance Division of H&CD. OCHA has an annual contributions contract with HUD to assist families and individuals under the tenant-based (Section 8) rental housing program.
- **Public Housing Authorities (PHA):** In Orange County there are four PHA's: Orange County Housing Authority, Anaheim Housing Authority, Garden Grove Housing Authority and Santa Ana Housing Authority. These PHA's are responsible for administering HUD funded housing programs in specific geographic regions.
- **Social Services Agency (SSA):** SSA is a County Department whose mission is to deliver quality social services that are accessible and responsive to the community, including CalWorks and child welfare programs.
- **U.S. Department of Housing and Urban Development (HUD):** A branch of the Federal Government whose mission is to provide decent, safe, and sanitary housing and suitable living environment for every American.